Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Diet Products

(Continued from page 18)

ranking No. 3 in the PMA and the regular Stresstabs coming in at No. 6.

The really big story in vitamins, however, has been the Rexall line, consisting of 95 sku's. Although not added to our product assortment until March, Rexall achieved nearly 40% of last year's sales in the category.

Vitamin E 400iu, Vitamin C 500mg, Plenims, and the Stress formulas were the leading Rexall sku's. Brand recognition, packaging, price points, point-of-sale materials, and national advertising all contributed significantly to Rexall's success in the introduction of its vitamins to the mass market.

The entry of Rexall into our mix and the continued growth of the diet category have prompted several of our customers to increase the space allocated to these departments. In the past, it was possible for a store to merchandise diet and vitamins in one 4-ft. section. We are now recommending 4-ft. sections for each category with larger stores devoting 8 ft. to the vitamin department.

The growth of the diet and vitamin categories has not been matched by the cough-and-cold market. McNeil's introduction of Co-Tylenol adult liquid and Bristol-Myers' expansion of the Comtrex brand have contributed to sales increases, but overall growth reached only 2% for last year. Nyquil, Contac, and Dristan continued to dominate the market with Afrin holding onto its leading position among the nasal sprays.

Analgesics were led by Anacin while Bayer gained the No. 2 PMA position. Bufferin 100's, our top-ranked analgesic for 1979, came in No. 10 in the monthly ranking. Excedrin 100's, No. 3 annually, came in at the No. 11 spot. McNeil's Tylenol was our fastest-growing brand in 1979 with a sales increase of 30%. With four sku's in our PMA's top 10, Tylenol ranked as our No. 1 brand.

Another strong growth category has been contraceptives. All our major chains have now added contraceptives to their feminine hygiene departments. Contraceptive suppositories, led by Norwich's Encare Ovals, and pregnancy kits, topped by Whitehall's Predictor, have significantly increased the importance of this category.

Slippage Noted

Ortho continued to dominate the cream and jelly segment of the market but its overall control is slipping due to consumer acceptance of suppositories. Pregnancy kits continued to show strength with dual kits and refills extending market exposure.

Unlike contraceptives, the composition of the lotion, cream and moisturizer market has not changed significantly. Olay remained the leading moisturizer, Noxzema the top medicated skin cream, and Vaseline Intensive Care the leading lotion. Vaseline sales were up over 20% despite Procter & Gamble's introduction of Wondra. This brand has not lived up to our expectations.

Olay will finally meet strong competition in the moisturizer segment as Vidal Sassoon enters the market. Product, packaging, brand recognition, and advertising may help Sassoon to succeed where others have failed.

The dominant factor in the acne preparation category continued to be the Benzoyl Peroxide products. Norcliff's Oxy 5 and Oxy 10, remained in the leading positions both in the PMA and for the year. Riker's Buf Puf showed the greatest growth with a 40% increase in sales over last year.

Wall cosmetics, led by the nail acrylics and patch kits, had a 35% increase in sales over 1978 numbers. Both Maybelline and Cover Girl lines experienced strong growth in 1979 with most of our customers adding mascaras, powders and nail products to their advertising programs.

Maybelline's Great Lash and Cover Girl's Professional Mascara were our top sku's in the eye makeup segment. Lee Nails, the No. 1 product on the wall, was followed by Krazy Nails both on the PMA and for the year.

HEALTH & BEAUTY AIDS

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$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
LOTIONS, CREAMS AND MOISTURIZERS				
7	Vaseline Intensive Care Lotion 24 oz	1,212	3.55	4,060
8	Jergens Lotion 15 oz	1,644	2.39	3,929
9	Nivea Creme Jar #553 10 oz	1,452	2.69	3,905
10	Vaseline Intensive Care Lotion 15 oz	1,500	2.39	3,585
MEDICATED SKIN CARE PRODUCTS				
1	Oxy 5 Acne Medication 1 oz	4,584	2.15	9,885
2	Oxy 10 Medication 750010 1 oz	1,506	3.03	4,563
3	Stridex-Pads 75's	1,932	2.04	3,941
4	Buf-Puf 91012	1,512	2.28	3,447
5	Propa PH Lotion 16 oz	786	3.91	3,073
6	Fostex Soap 3.75 oz	2,088	1.35	2,818
7	Dry & Clear Acne Lotion 2 oz	912	2.92	2,663
8	Mudd Skin Care 2.5 oz	1,308	1.92	2,511
9	Topex Acne Medication 1 oz	1,050	2.39	2,509
10	Phisoderm 16 oz	660	3.39	2,237
COSMETICS				
1	Lee Nails 122W	905	5.19	4,696
2	Krazy Nails Kit 81612	567	4.78	2,710
3	Maybelline Great Lash Mascara Black 175M	1,074	1.80	1,933
4	Classic Nails CN 12	378	4.79	1,810
5	Cover Girl Brush-on Blush Pwdr Pch # 498	788	2.12	1,670
6	Cover Girl Professional Mascara Black 04656	916	1.80	1,648
7	Maybelline Ultra Big Ultra Lash Black 150ML	1,014	1.56	1,581
8	Fresh Lash Mascara Black 195M	834	1.80	1,501
9	Cover Girl Pressed Powder Medium 448	776	1.88	1,458
10	Cover Girl Brush-on Blush Powder Rose 480	680	2.12	1,441

Source: Boston Distributors

Personnel Parley Readied by NMRI

PHILADELPHIA—The National Mass Retailing Institute will hold its annual personnel conference Feb. 11-13 at the Fairmont Hotel here.

Conferences and seminars will be conducted on several topics focusing on personnel requirements in mass retailing, including: training programs; bonus plans; attitude surveys; executive compensation alternatives; assessment centers; decentralized training; employee motivation; use of video in training; recruiting; communication; staying nonunion; insured health benefits; government legislation, and relocation compensation.

The opening banquet will be on Monday, Feb. 11, at 5 p.m. The conference ends on Wednesday, Feb. 13, at 2:30 p.m. All sessions will be totally confidential. Registration can be made through the NMRI at 570 Seventh Ave., New York.

Dallas Woolco Due

RICHARDSON, Tex.—Woolco has scheduled the opening of a new 90,000-sq.-ft. store in this Dallas suburb for Feb. 13.

Show Sections { Toy Fair: Pp. 17-35
Sporting Goods: Pp. 49-58

Discount Store News

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Discounters Split on Inventory Strategies

Natiowide DSN Report

Two major positions are evolving as discounters face economists' predictions of flattened consumer spending for the first half of 1980.

The dominant approach, taken by discounters such as Heck's, Gee Bee, ALCO, Murphy's Mart, Prange-Wage and Clover, is to inflate inventories at a rate slower than that of inflation.

The resulting decrease in units will allow an easier compensation for any slowdowns in consumer spending. Given the current high cost of money, it will also help ease interest costs.

Another approach—Zayre and T.G. & Y. are examples—is bullish. These chains feel there is business out there and they intend to chase it.

"Zayre has narrowed its inventory over the last few years, but we are not going to play with quite that caution this year," a spokesman at the Massachusetts-based chain said. "We are out to do business, and until we see the recession in our numbers we will do normal ordering in line with planned sales."

Zayre expects inventories to be 11% to 12% above last year's $254 million year-end inventory, although inventory dollar increases will lag behind sales increases. The dollar increase is offset by a general merchandise inflation rate of 5% according to Zayre figures. Inventory includes two new Zayre stores plus the corporation's specialty stores.

At T.G. & Y., president Jim Newgent said, "We are not go-

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Designer Boom Has Midprice Jean Mfrs. Casting Wary Eye on Alternate Markets

Nationwide DSN Report

Established national-brand sportswear manufacturers, squeezed by the designer boom in department stores, may be looking to increase volume by chain distribution, but are uncertain how to make the leap.

"They're frightened to death and are trying to find a way to get in," said one chain soft lines merchandiser, "but they're afraid of destroying their image and customer base."

Ditto of California is an exception. The brand began as an upstairs resource, but gave up its department store clients in favor of mass merchants. Dittos are now in Target, Gold Circle and T.G. & Y., and the manufacturer is negotiating with other discounters.

Before 1975, Dittos had distribution in department and chain stores, with the conventionals taking a higher markup on the same merchandise. Spokesman Michael Simon said the department stores based markup on a loaded, prediscounted wholesale price of $12.50 for example, even though they were actually buying the jeans at an 8% discount for $11.50—the same net price paid by discounters.

"We wanted them to retail at a lower price so the consumer didn't pay for the administration of a department store," Simon said. Department stores naturally didn't want to see their merchandise discounted, so they gradually dropped the line or relegated it to the basement. Meanwhile Dittos went into J. C. Penney's, Mervyn's and other chains.

"We cater to the mass merchant because we have basic core merchandise," Simon said.

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Ditto jeans
12.99
The jeans with the famous fit are now priced so low at Target, you can buy both styles! First quality, of course!
TARGET

Target has been heavily promoting Ditto jeans—a brand that once had department store distribution but shifted to mass merchants. The chain recently advertised the regular $16.97 and $18.97 pants at $12.99.

Jefferson Blitzes Philly Market

BULLETIN: Montgomery Ward signed an agreement with Vornado to lease 12 Philadelphia-area Two Guys.

PHILADELPHIA—When four new Jefferson/Ward stores open here next month, it will be the initial move in what may become one of the fastest grabs for market share discounting has ever seen.

Not only does the discounter (a division of Montgomery Ward) own eight former J. M. Fields locations in the Greater Philadelphia area, and Almart stores in cities to the north and south, but at presstime Jefferson was still negotiating for rights to a dozen Two Guys locations near Philadelphia.

Contrary to some reports that the Miami-based discounter will open all its properties around the city at one time, the company plans staggered openings of stores acquired last year from Fields.

"We do extensive and very expensive remodels," said Jefferson's senior vp of marketing Joel Peney, "and we have a company doing it. There are only so many people that can go from store to store to do the work. We will be opening stores in a staggered fashion because of these physical limitations, not because of any cost limitations."

Four of the eight former Fields in the Philadelphia area are slated for openings late in March. Two Pennsylvania units, Pottstown and Norristown, and two New Jersey units, Burlington and Woodbury, are scheduled to be the first Jefferson/Ward stores north of the Mason-Dixon line.

Seven Almart stores purchased by Jefferson last year will also be changed over to

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DSN EXCLUSIVE. Robert C. Baesemann, assistant director for price monitoring at the Council On Wage and Price Stability (C.O.W.P.S.) discusses price posting and guideline exemptions in an exclusive interview. P. 15

Discounting Week

LUNDEGARD LEAVES. H. R. Gibson Jr., has resumed the presidency of Gibson's following John Lundegard's departure to join Western Auto as board chairman and chief executive officer.

BRASS NAMED. K mart has upped Harold E. Wilcox to senior vice president of sales and general merchandise manager. He had been vice president for the chain's Western region. Richard O. Williams, who held the gmm spot, was elected vice president of the Central region, succeeding Carl L. Bloom who is to retire on March 1. Larry M. Parkin, assistant regional manager for the Western region has been elected vice president for that market area.

HEADING SOUTH. Woolco is launching a new unit this month in Richardson, Tex.—part of the Dallas market. Three more are to follow in March in Virginia Beach, Va., and in Thibodaux and La Place, La., near New Orleans.

HECK'S OPENINGS. Heck's will open three stores this month. They include the sixth unit in the Greater Charleston, W. Va., area in Diamond; the second in Morgantown, W. Va., and a replacement for the Frankfort, Ky.

INNER CIRCLE. Michael Tanner has been promoted to director of merchandise presentation at Gold Circle. The chain also has elevated Jim Harrison, who is now divisional merchandise manager for home improvements.

Sharpens Discount/Variety Store Distinction

Murphy Rebounds, Net May Top $11M

McKEESPORT, Pa.—After closing 68 stores in 1978 and instituting a rash of operating changes, G. C. Murphy Co. will show a significant turnaround when sales and earnings for fiscal 1979 are tallied.

DSN estimates sales will be 4% higher ($740 million) than the year before, on a store base 9% smaller in sq. ft. Earnings will be more than $11 million by DSN's estimate, compared to the bath taken in 1978 when earnings were $202,000.

Profitability of the chain (1.5% of sales by DSN estimate) is still below industry norms, however, which prompted one stock dealer to say "they have done slightly better than half of what they need to do."

Murphy's management is continuing to take steps to correct operating problems, the most significant of which has

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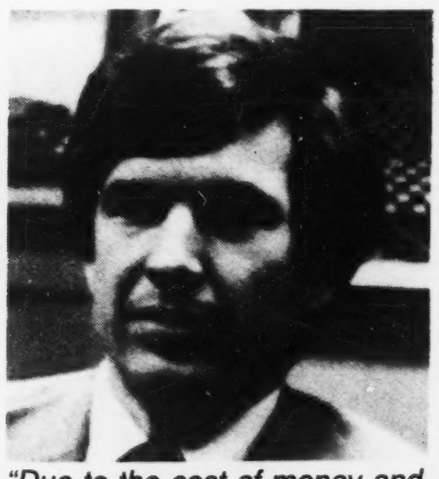
"We want our Marts to have a lively atmosphere."—S. Warne Robinson, chairman

"We're going to take the separation of the Mart Stores and the conventionals one step further in 1980."—Charles Lytle, president



"Due to the cost of money and occupancy costs, we are looking to build production from existing units."—Tom Hudak, senior vp finance

Battle Looms in Payless (Calif.)-Jewel Merger Push

OAKLAND, Calif.—A proposed vote by Payless Drug (Calif.) stockholders on a merger with Jewel Cos. scheduled for Feb. 11 has become the key element in the battle between Jewel and Payless Drug Northwest to take over the Oakland-based chain.

Legal battles between Payless Drug Northwest and Jewel are skirmishes that could become significant if the merger doesn't go through.

The vote will be decided by the public stockholders who own about 55% of the outstanding shares. About 17% of those shares have to vote in favor of the merger for Jewel to acquire the 60-store discount chain.

The public stockholders include an unknown number of arbitrageurs (speculators) who have purchased the stock in hopes of selling it at a higher price to one of the two companies battling for Payless Drug (Calif.). Many of these stockholders haven't completed transfer of ownership so they can't vote, while the owners of record of these sold shares can't vote because they no longer own the shares.

One attorney involved in the legal battle between the two companies noted that Jewel has to obtain a favorable vote from more than 50% of the shares voting. A share that doesn't vote is equal to a vote against Jewel.

The math comes down to Jewel having to obtain about one-third of the outstanding shares. And the key question is how much stock do the arbitrageurs hold and do they want the exchange of shares offered by Jewel or the $22.50 a share offered by Payless Drug Northwest.

(Continued on page 65)

Jamesway Adds Distribution Center; Will Open 4 New, 9 Acquired Stores

SECAUCUS, N.J.—Jamesway plans to open four stores this year and complete conversion of nine units acquired late last year, as it gears up for a possible doubling of the chain's size to 120 over the next half decade.

Other moves to support the discounter's growth include:

- Purchase of a 214,000-sq.-ft. distribution center in Totowa, N.J., to replace almost 100,000 sq. ft. of space in three rented buildings.
- Revamping its 185,000-sq.-ft. Secuacus, N.J., facility to expand its 35,000-sq.-ft. office area by 20,000 sq. ft., giving the headquarter staff more room.
- Realigning divisional merchandise manager responsibilities, including a break out of ladies' apparel as a new division to bring related categories under the same dmm.

The new stores include spring openings in Rhinebeck, N.Y. (50,000 sq. ft.), Point Pleasant, N.J. (43,000 sq. ft.) and Columbia, Pa. (38,000 sq. ft.), and a fall opening in New Hope, Pa. (38,000 sq. ft.).

Next month, after refurbishing five of the acquired units, Jamesway will unveil its logo over former Westons in Massena, Newark, Oswego and Watertown, N.Y., and Latrobe, Pa.

Two former Mason's in Sharon and Meadville, Pa., and two

(Continued on page 67)

Mr. Wiggs Denies Reports On Home Center Conversions

CLEVELAND, Ohio—Management at Mr. Wiggs, a 20-unit chain headquartered here, has denied trade reports that the stores are being converted to home centers.

Mr. Wiggs is heavily hard lines oriented, however, and a spokesman at the chain said that home center-type items would be added to the merchandise mix.

"We are adding some home building materials in our stores for enhancement of the goods we already stock," the spokesman said. Such materials will include precut lumber and paneling.

Staff members at Mr. Wiggs also plan to attend the home center show in early March, and will reportedly consider the alternative of converting some locations to home centers at that time.

According to some reports, the Mr. Wiggs store in Painesville, Ohio, is being considered as the first prototype if the chain does decide to convert some stores to home centers.

At least some increase in the home improvement departments at Mr. Wiggs will certainly be made. Last year, the privately held discounter brought in George Richardson from Jamesway as vp and gmm. Jamesway is one of the leading discounters in the home improvement area.

Hartfield-Zodys Takes Over Soft Lines in Hawaii Gems

LOS ANGELES—Hartfield-Zodys has taken over the apparel and domestics departments in the three lessee-run Gem stores in Hawaii. Its Zodys division will merchandise the women's, men's and children's sections as the discounter's first and only leased department operation.

Three D Departments, in which Hartfield-Zodys owns more than a 20% interest, will operate the domestics departments under a sublease.

The sections merchandised by Hartfield-Zodys generated more than $10 million, just under one-fifth of the $53 million volume of the three stores.

The three 80,000-sq.-ft. stores were purchased for $7,250,000 by Seiyu Stores of Tokyo at the end of 1979 as part of the liquidation of the Parkview-Gem chain. They were the only remaining retail operation of the bankrupt company.

Seiyu plans to expand the Gem chain in Hawaii, company executives have said. Seiyu is a division of the Seibu Group, a Japanese conglomeration that has a joint venture with Sears in Japan among its operations.

Hartfield-Zodys began operating the ladies' apparel sections in Gem stores in 1971, with Zodys handling the merchandising. But about five years later, the Hartfield specialty store division took over.

A company executive noted that when Hartfield-Zodys expanded its operation to include all the apparel departments, Zodys took over the merchandising because it handled men's and children's wear plus ladies' apparel. Hartfield only merchandised ladies' wear and it was more efficient to use Zodys for all three sections.

There aren't any plans for Zodys to move into the leased apparel department area, he emphasized. "Gem was a unique situation," he added.

Spotlight on: Energy-Saving Items

Home Improvement Gets Warm Reception At S. E. Nichols

GREENVILLE, N.C.—In its first winter of operation, S. E. Nichols' home improvement center here hit upon a display theme close to every consumer's heart and wallet: energy saving.

"The energy-saving items are my long suit right now in home improvement sales," said store manager Doug Locklear.

The display was a convenient way to show consumers the breadth of energy-saving merchandise available in the 20,000-sq.-ft. home improvement center, which was added to the existing 100,000-sq.-ft. Nichols store last July.

"We are new, and it takes consumers time to get used to shopping the store," Locklear said. "The energy display is important because it introduces the category. I've had people come up to me and ask where items that are in the display are located within the department."

The display, scheduled to be taken down early this year, has been standing since early fall with much success. At one point, there was a waiting list for storm windows because customer requests were coming so fast.

"We've had good turnover and sold a lot of product because of that display," Locklear said, "because the customer can't overlook it."

In This Issue...

TOY FAIR. DSN looks at the toy market in advance of the 1980 Toy Fair with sections on electronic games and toys, plush, board games, dolls and other categories. Renewed emphasis on basics, continued growth of the electronics and the generally good open-to-buy positions of toy buyers are also covered. P. 17

LARGER ROLE. Sporting goods will play a larger role in the merchandise mix of most chains in the future. DSN's sporting goods section examines topics including added soft lines, camping, leather price hikes, fishing and continued expansion of the exercise category. P. 49

NRMA CONVENTION. DSN's editors attended many of the seminars at the recent National Retail Merchants Association convention in New York. Reports cover distribution, security, soft lines merchandising and 1980 economic projections. P. 36

BATH SHOPS. Discounters are increasing coordination in their bath shops, but stopping short of expensive refixturing needed to display towels and rugs with hard lines. Bradlees, Gibsons, ALCO and other chain programs are reported in DSN's market outlook in domestics. P. 9

EDP MANAGEMENT. The latest segment of the DSN/Touche Ross Discounter Management Development Series examines the planning required to establish an accountable electronic data processing system within a retailing organization. Involvement and direction from the ceo can be the key to successful implementation. P. 8

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